

## INTRODUCTION TO THE STATUTORY AND REGULATORY FRAMEWORK OF FINANCIAL ACCOUNTING

Accounting profession like any other profession is practiced within a framework. This framework is necessitated by the need for orderliness, consistency and uniformity in the practice of the profession. This framework can either be the Statutory or the Regulatory framework

### The Framework of Accounting

#### STATUTORY FRAMEWORK

The statutory framework comprises of the statutes enacted by government to govern the conduct of economic activities. The main one is the Companies and Allied Matters Act (C.A.M.A) 1990. This statute stipulates what is required for the formation and registration of companies, how the formed company is to conduct its affairs, the type of accounting records and financial statements required, how the life of company may be brought to an end and so on.

In addition to the C.A.M.A. 1990, other statutes have been enacted by government to govern economic activities in specialised areas of the economy. These include the following:

- Enabling statutes established to govern government parastatals like Nigerian Ports Plc, Nigeria Airways etc;
- Statutes regulating the banking/financial sector, eg.

Banks and Other Financial Institutions Act (BOFIA) 1991

Central Bank of Nigeria Act 1991

Nigeria Deposit Insurance Corporation Act 1988

Money Laundering Act 1995.

- Statute regulating the insurance sector: Insurance Act 1997.

## REGULATORY FRAMEWORK

This is made up of all the non-statutory statements, circulars and pronouncements which are expected to be complied with in the conduct and recording of economic activities. They include:

- Accounting standards;
- Central Bank of Nigeria (CBN) Monetary Policy Circulars.

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